



THE WHITE HOUSE

WASHINGTON

January 14, 2021

Presidential Determination
No. 2021-03

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF ENERGY

SUBJECT: Presidential Determination on the Pursuant to
Section 1245(d) (4) (B) and (C) of the National
Defense Authorization Act for FY 2012

By the authority vested in me as President by the Constitution and the laws of the United States, after carefully considering the reports submitted to the Congress by the Energy Information Administration including the report submitted in October 2020, and other relevant factors, including global economic conditions, increased oil production by certain countries, the level of spare capacity, and the availability of strategic reserves, I determine, pursuant to section 1245 (d) (4) (B) and (C) of the National Defense Authorization Act for Fiscal Year 2012, Public Law 112-81, and consistent with prior determinations, that there is a sufficient supply of petroleum and petroleum products from countries other than Iran to permit a significant reduction in the volume of petroleum and petroleum products purchased from Iran by or through foreign financial institutions.

I will continue to monitor this situation closely.

The Secretary of State is authorized and directed to publish this determination in the *Federal Register*.

MEMORANDUM OF JUSTIFICATION FOR
THE PURSUANT TO SECTION 1245 (D) (4) (B) AND (C) OF THE
NATIONAL DEFENSE AUTHORIZATION ACT FOR 2012

The Energy Information Administration's (EIA) October 2020 Short-Term Energy Outlook (STEO) report, indicates that oil markets remain stable with ample inventories. September–August prices were down about 27 percent compared to 1 year prior. The EIA estimates that Organization for Economic Cooperation and Development (OECD) commercial crude oil and other liquid fuels inventories were 3.09 billion barrels in September 2020, and remained sufficient for approximately 1 month of consumption. Oil production from countries other than Iran was 86.1 million barrels per day in September. While this is well below the 2017–2019 average of 93.3 million barrels per day, it reflects significant negotiated productions cuts by the OPEC+ group, continued conflict-induced limits on production in Libya, and voluntary production reductions in response to a substantial COVID–19–induced reduction in demand and prices since the previous report.

The EIA estimates OPEC's surplus crude production capacity in September 2020, to be 7.6 million barrels per day. According to EIA, world inventory declined by an average of 3.0 million barrels per day from August to September but average OECD inventories of 3,107 million barrels still exceed the 2017–2019 average of 2,910 million barrels. The October STEO forecasts benchmark North Sea Brent and West Texas Intermediate (WTI) crude oil prices to average \$41.19 per barrel and \$38.76 per barrel, respectively, in 2020. These figures are approximately \$23 and \$18 per barrel, respectively, less than prices at the end of 2019 and around \$84/\$71 per barrel less than prices in March 2012, when President Obama made the first determination under this statute. The EIA report projects that high inventory levels and surplus crude oil production capacity will limit upward pressure on oil prices through the end of 2020 and into 2021.

Since the EIA October STEO, increased Covid-19 case numbers in Europe and the United States, as well as corresponding lockdown measures in several European countries, are expected to delay full economic recovery and resumption of oil demand. With resumption of Libyan oil exports, more than 1 million barrels/day were brought back online between September 18 and the second week in November. In January 2021, OPEC+ production is scheduled to increase as the group moves to phase three of its May production agreement, but there is considerable discussions about keeping production cuts due to growing COVID numbers. In view of the ETA's findings and forecasts and the quantity of reserves at hand, the global supply of petroleum and petroleum products is sufficient for the President to make a positive determination.

This Presidential Determination is being provided consistent with the requirement in section 1245 (d) (4) (B) and (C) of the National Defense Authorization Act for Fiscal Year 2012.

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